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SERVICE DATE - JULY 18, 2003

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34352]

RailAmerica, Inc., et al.—Continuance in Control Exemption—San Luis & Rio Grande
Railroad Company

RailAmerica, Inc. (RailAmerica), Palm Beach Rail Holding, Inc. (Palm Beach),
and RailAmerica Transportation Corp. (RTC) (collectively, applicants) have filed a
verified notice of exemption to continue in control of San Luis & Rio Grande Railroad
Company (SLRG), upon SLRG becoming a Class III rail carrier.

The transaction was expected to be consummated on or after June 30, 2003.

This transaction is related to the concurrently filed verified notice of exemption in
STB Finance Docket No. 34350, San Luis & Rio Grande Railroad Company—Acquisition
and Operation Exemption—Union Pacific Railroad Company, wherein SLRG seek to
acquire and operate 149.38 miles of rail line currently owned by Union Pacific Railroad
Company.

RailAmerica currently controls one Class II railroad and 33 Class III railroads.
RailAmerica directly controls Palm Beach, which in turn directly controls RTC. RTC
directly controls SLRG.

Applicants state that: (1) the railroads do not connect with each other or any
railroad in their corporate family; (2) the continuance in control is not part of a series of

anticipated transactions that would connect the railroads with each other or any railroad in their corporate family; and (3) the transaction does not involve a Class I carrier.

Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C.

11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees.

Because the transaction involves at least one Class II and one or more Class III rail carriers, the exemption is subject to the labor protection requirements of 49 U.S.C.

11326(b).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34352, must be filed with the Surface Transportation Board, 1925 K Street N.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Louis E. Gitomer, Esq., Of Counsel, Ball Janik LLP, 1455 F Street, N. W., Suite 225, Washington, DC 20005.

Board decisions and notices are available on our website at

“WWW.STB.DOT.GOV.”

Decided: July 11, 2003

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary